OCT 8 1985 -3 20 PM INTERSTATE COMMERCE COMMISSION 14806 OCT 8 1985 -3 30 PM INTERSTATE COMMERCE COMMISSION

PRINCETON BANK Broadway and Market Street Post Office Box 310 Camden, New Jersey 08101 (609) 757-4000

5-281A071

October 4, 1985

OCT 8

C Washington, D. C.

I.C.C. 12th Street and Constitution Avenue, N.W. Washington, D.C. 20423

Re: Eastern Railway Supplies

Attention: Mildred Lee, Room 2303

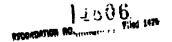
Enclosed please find wo (2) Original Notes and Security Agreements and Two (2) copies of notes and Security Agreements for recording of lien along with our check in the amount of \$40.00 to cover the recording cost on the captioned account.

Kindly return your acknowledgement in the enclosed self addressed envelope.

Charlotte M. Todd

Commercial Loan Department

CMT enclosure MOTON OF LINAT TO SAN



SECURITY AGREEMENT (Inventory To Be Leased)

PRINCETON BANK

OCT 8 1985 -3 30 PM

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT made this 9th

September

19**85**

Eastern Railway Supplies, Inc.

is between (Names of all Debtors)

1005 Indian Church Road, West Seneca, Erie, New York 14224

(Street and Number, C ty) (County)

(State)

(Zip Code)

corporation

___ organized and existing under the laws of the State of _ (corporation partnership/proprietorship)

New York

(herein whether one or more persons, jointly and severally obligated and called "Debtor"), and PRINCETON BANK, a banking association with an office at 76 Nassau Street, Princeton New Jersey 08542 (herein called 'Bank'), the address at which information concerning Bank's security interests hereunder may be obtained.

1. THE COLLATERAL

of _

FOR VALUE RECEIVED AND IN CONSIDERATION OF \$1.00. THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED as security for the prompt payment and performance of all Obligations (as defined in Paragraph 2 below), Debtor hereby grants and conveys to Bank a continuing security interest in and lien upon

- 1.1 All of Debtor's Inventory, as that term is now or hereafter defined in the New Jersey Uniform Commercial Code, N.J.S.A. 12A 1-101 et seg. (called the UCC's which is now or nereafter owned or possessed by Debtor and which is purchased or to be purchased by Debtor with the proceeds of loans from Bank for the purpose of being leased to customers of Debtor in the normal course of Debtor's pusiness and which Inventory is more particularly described on a 'Schedule (or Schedules) of Inventory 'which is now or later appended hereto as Exhibitis) 'A , and which includes Inventory which Debtor has so leased Inventory returned to Debtor or repossessed by Debtor following a lease thereof by Debtor, and Documents of Tirle (as that term is defined in the LCC) or Certificates of Title or Origin and the
- Inventory represented thereby,
 1.2. All Accounts. Chattel Paper, Contract Rights and Instruments (as those terms are defined in the UCCI inow owned or hereafter acquired by Debtor whether now existing or hereafter at sing, which result from the lease, rental, or sale of Inventory, all guaranties, sureties and encorsements thereof, all secure the payment and or taken by Debtor to secure the payment and or satisfaction of Accounts, Chattel Paper Contract Rights or Instruments, including any returned or repossessed Inventory, and all of such Inventory surrendered to Debtor at the end of any lease or rental term,
- 13. A rights in connection with the residual value of such Inventory which is leased, rented sold, or otherwise disposed of, including but not limited to
- the proceeds of any third party's option to purchase such inventory, and 1.4. All property of Deblor or any of them which at any time Bank shall have in its possession or which is in transit to it, and any balance or share belonging to Debtor or any of them of any deposit, agency, trust, escrow or other account or accounts with Bank and any other amounts which may be owing from time to time by Bank to Debtor or any of them, which lien and security nterest shall be independent of any right of set off which Bank may have

including all replacements and substitutions of all or any of the foregoing, as well as additions, equipment, accessions, acressories, and parts and goods installed in attached and/or added to the property described lall of Debtor's rights in lease, rental sale or consignment agreements and other agreements arising out of or relating to Debtor's lease, rental, sale or consignment or other disposition of the said property or any portion thereof, all insurance on any of such property and all proceeds of such insurance and all cash and non-cash proceeds of all of the foregoing. All of the properly described in this Paragraph 1 is hereinafter collectively called the 'Collateral

2. OBLIGATIONS SECURED

The Collateral secures all of the following

- 2.1 The liabilities of Debtor to Bank evidenced by one or more notes executed on or about the date hereof together with any interest thereon at the rates specified Inerein and any renewals extensions, replacements or modifications thereof, and such other future loans and extensions of credit evidenced by one or more notes rall such notes, whether executed on or about the date hereof or in the future are called the 'Note(s)") as Debtor may from time to I me request upon the security of the Collateral and which Bank may elect to make. Such loans and extensions of credit may be made by Bank through the advance of funds, the purchase acceptance or payment of drafts or any other method of extending credit and upon such terms and conditions as are agreed to by the parties from time to time. When any loan or extension of credit is not evidenced by the Note(s), it shall be evidenced by the Bank's books and records which, upon notice to Debtor thereof to which no objection is made within five (5) days, shall be deemed conclusive and irrebutlable evidence thereof, and the rate of interest thereon shall be the rate then charged by the Bank on the Note(s)
- 2.2 The liabilities of Debtor to Bank arising out of other and future loans and/or advances, if any, made by Bank to Debtor or any of Ihem
- All other existing and future liabilities and obligations of Debtor or any of them to Bank, whether absolute or contingent, direct or indirect, of any nature whatsoever and out of whatever transactions arising

- 2.4 Full and complete performance by Debtor of the Warranties, Representations and Agreements herein set forth and all warranties, representations and agreements set forth in any documents executed and/or delivered in conjunction herewith
- 2.5 Performance by Debtor of all warranties, representations and agreements set forth in the Note(s), in the documents evidencing the liabilities specified in Subparagraphs 21, 22 and/or 23 above, and in any documents executed and/or delivered in conjunction with any of the foregoing
- 2.6 The cost of curing any Event of Default hereunder which Bank elects to cure. All of the foregoing liabilities and obligations are hereinafter collectively referred to as the 'Obligations' The security interests granted herein shall continue in full force and effect until all of the Obligations have been satisfied in full

3. WARRANTIES. REPRESENTATIONS AND AGREEMENTS

To induce Bank to enter into this Agreement, Debtor warrants represents and agrees and until all the Obligations have been satisfied in full continues to warrant, represent and agree as follows

- 3.1 Debtor will execute immediately upon Bank's request such UCC financing statements, lease assignment forms, lessee notifications, Account Debtor (which is herein defined as any and all persons obligated as makers, endorsers, guarantors or sureties on any Account, Contract Right, Chattel Paper or Instrument) notifications and other documents as are deemed necessary or desirable in Bank's sole judgment to perfect and maintain perfected the liens and securily interests granted herein. Debtor hereby appoints Bank, its officers, employees and agents, as Debtor's attorney-infact, at Bank's option and at Debtor's expense in Debtor's or Bank's name, to co all acts and things which Bank deems necessary or desirable to perfect and maintain perfected the liens and security interests created herein and to protect the Collateral
- 3.2 If the Collateral includes any property for which a Document or Certificate of Title is issuable. Debtor will submit to Bank an appropriate Document or Certificate of Title for such Collateral, within three (3) days after Debtor obtains possession of such Collateral and Debtor will cause a notation of the lien and security interest granted to Bank herein to be made and noted on such Document or Certificate of Title at Debtor's sole expanse. If no such Document or Certificate of Title has been issued for such Collateral, Debtor will five all documents necessary to obtain such a Document or Certificate of Title within three (3) days of Debtor's obtaining possession of such Collateral and will cause a notation of the lien and security interest of Bank granted herein to be noted thereon.
- If the Collateral or any part of the Collateral is purchased or to be purchased by Debtor with the proceeds of any of the Obligations, Debtor will join with Bank in executing all notices and other documents necessary to enable Bank to obtain a Purchase Money Security Interest of first priority in such Collateral
- The Debtor's principal place of business and the place where Debtor keeps the Collateral and its Books and Records (as defined in Subparagraph 3.5 below) relating to its Inventory Accounts, Contract Rights, Chattel Paper and instruments is the address stated after the name of Debtor above or, if

Eastern Railway Supplies, c/o Adums & Becker

122 East 42md St., Room 4005, New York, N.Y.

(other address in full, including county and State) 10168

Debtor will immediately advise Bank in writing of any change in any of Debtor's place(s) of business, the opening of any new or additional place(s) of business and the locations of all places wherein Debtor keeps Debtor's Books and Records.

Debtor shall keep complete and accurate Books and Records (as used herein, the term 'Books and Records" shall be defined to include all of Debtor's books of original and final entry including computer programs. software, stored material and data banks associated with or arising out of Debtor's business, operations and/or record keeping) and make all necessary entries therein to reflect the transactions and facts giving rise to its Inventory, Accounts, Contract Rights, Chattel Paper and Instruments and all payments, credits and adjustments applicable thereto. Debtor agrees to mark its Books and Records in such fashion as to indicate the security interests granted to Bank herein Debtor shall permit Bank, its officers, employees and agents, to have access to all of Debtor's Books and Records and any other records pertaining to Debtor's business which Bank may request and shall cause all persons including computer service bureaus, bookkeeping services, accountants and the like, to make all such Books and Records in their possession available to Bank, its officers, employees and agents and, if deemed necessary by Bank in Bank's sole discretion, permit Bank, its officers, employees and agents, to remove the Books and Records from Debtor's place of business or any other place where they may be found for the purposes of examining, auditing and/or reproducing the same. Any of Debtor's Books and Records so removed by Bank shall be returned to Debtor by Bank when Bank shall have completed its examination, audit and/or reproduction thereof Bank's right to take possession of Debtor's Books and Records pertaining to Debtor's Inventory, Accounts, Contract Rights. Chattel Paper and Instruments shall be enforceable at law by action of replevin or by any other appropriate remedy at law or in equity.

- 3.6. If any of Debtor's Accounts or Contract Rights arises out of a contract with the United States or any department, agency or instrumentality thereof, Debtor will immediately notify Bank thereof in writing and execute any and all instruments and take any and all steps required by Bank, in Bank's sole discretion, in order that the security interests of Bank hereunder in Debtor's Contract Rights under such contract and in all Accounts arising thereunder, and in the proceeds thereof, shall-be protected under the provisions of the Federal Assignment of Claims Act
- 3.7 If any of the Debtor's Accounts or Contract Rights is or becomes evidenced by a promissory note, trade acceptance or any other negotiable or nonnegotiable instrument for the payment of money, Debtor will promptly deliver such instrument to Bank appropriately endorsed to Bank's order Regardless of the form of such endorsement, Debtor hereby waives presentment, demand, dishonor, notice of dishonor, protest and notice of protest and all other notices with respect thereto.
- 3.8. Bank shall have the right at any time, whether prior to, upon or after the occurrence of any Event of Default, to take possession of Debtor's Inventory and Debtor hereby irrevocably assigns to Bank its right of stoppage in transit with respect to any Inventory, which right shall be paramount to Debtor's All costs of transportation, packing, storage and insurance of any Inventory that Bank may take into its possession shall be promptly repaid to Bank by Debtor on demand, together with interest thereon at the highest rate of interest being charged to Debtor by Bank on any of the Obligations at the time of advancement of such costs by Bank
- 3.9 Debtor shall immediately notify Bank of any event causing deterioration, loss or depreciation in value of any of Debtor's Inventory and the amount of such loss or depreciation. Debtor shall permit Bank, its officers, employees and agents, to have access to its Inventory at any time and from time to time, as and when requested by Bank, for the purposes of examination, inspection and appraisal thereof and verification of Debtor's Books and Records pertaining thereto.
- 3 10 If any of Debtor's Inventory or any of its Books and Records concerning its Inventory, Chattel Paper, Contract Rights, Accounts or Instruments are at any time to be located on premises leased by Debtor or on premises owned by Debtor subject to a mortgage or other lien, Debtor shall obtain and deliver or cause to be delivered to Bank, prior to delivery of any Inventory or Books and Records concerning Inventory, Chattel Paper, Contract Rights, Accounts or Instruments to said premises, an agreement, in form and substance satisfactory to Bank, waiving the landlord's, mortgage's or lienholder's rights to enforce any claim against Debtor for monies due under the landlord's lien, mortgagee's mortgage, or other lien by levy of distraint, or other similar proceeding against the Collateral or Debtor's Books and Records and assuring Bank's ability to have access to the Collateral and Debtor's Books and Records in order to exercise Bank's rights to take possession thereof and to remove them from such premises.
- 3 11 Debtor has or will acquire absolute good and marketable title to the Collateral free and clear of all liens, encumbrances and security interests except the security interests granted to Bank hereunder and other rights, if any, of Bank, and Debtor will defend the Collateral against the claims and demands of all persons except Bank All Chattel Paper, Contract Rights, Accounts and instruments included in the Collateral arose in the ordinary course of Debtor's business and are not subject to any defense, set-off or counterclaim Debtor will promptly notify Bank in writing if there is any change in the status or physical condition of any Collateral or in the ability or willingness of any Account Debtor to pay or preserve the Collateral, or if any defense, set-off or counterclaim is asserted by any Account Debtor, or if any Collateral is returned by an Account Debtor to Debtor for any reason Debtor agrees not to return any inventory to the supplier thereof without obtaining Bank's prior written consent
- 3.12. Debtor will, at its sole cost and expense, preserve the Collateral and Debtor's rights against Account Debtors free and clear of all liens and encumbrances except those created pursuant hereto. Debtor will not grant to anyone other than Bank any lien upon or security interest in the Collateral nor allow any person other than Bank to obtain a lien or levy upon the Collateral and at Debtor's sole expense Debtor will keep the Collateral in good condition and repair at all times.
- 3 13 Debtor will keep itself and the Collateral insured against all hazards in such amounts and by such insurers as are satisfactory to Bank, with insurance policies which provide for at least ten (10) days, progratice to Bank of any cancellation or reduction in coverage Debtor will cause Bank's security interests to be endorsed on all policies of insurance thereon in such manner.

that all payments for losses will be paid to Bank as loss payee and will furnish Bank with evidence of such insurance and endorsements. Debtor will keep such insurance in full force and effect at all times. In the event that Debtor fails to pay any such insurance premiums when due, Bank may, but is not required to, pay such premiums and add the costs thereof to the amounts due Bank by Debtor under the Obligations. Debtor hereby agrees to pay such premiums to Bank with interest at the highest rate of interest being charged to Debtor by Bank on any of the Obligations at the time of payment of such premiums by Bank. Debtor hereby assigns to Bank any returned or unearned premiums which may be due upon cancellation of any such policies for any reason whatsoever and directs the insurers to pay Bank any amounts so due

- 3 14 Debtor will permit Bank to inspect and audit the Collateral at any time and from time to time and Debtor will pay the expenses of, and reasonable fees for, such inspections and audits upon Bank's request
- 3.15 Debtor warrants that the Collateral is and will be used for the sole purpose of conducting Debtor's business.
- 3 16. Debtor is duly organized, validly existing and in good standing under the laws of the State shown above, has the power and authority to make and perform this Agreement, and is duly qualified in all jurisdictions in which it conducts business or where such qualification is required. The execution, delivery and performance of this Agreement, the Note(s), and all other documents required hereunder or delivered in conjunction herewith have been duly authorized by all requisite corporate or partnership action and will not violate any provision of law or regulation, or of the Articles of Incorporation, By-Laws or Partnership Agreement of Debtor, or any agreement, indenture or instrument to which Debtor is a party. This Agreement, the Note(s), and all documents evidencing the Obligations hereunder, arising herefrom or related hereto, when executed and delivered by Debtor will be legal, valid and binding obligations of Debtor, enforceable against Debtor in accordance with their respective terms.
- 3 17. No Event of Default (as this term is defined in Paragraph 9 below) has occurred and no event has occurred which, with the passage of time, could be an Event of Default hereunder
- 3 18 There are no suits at law on in equity or proceedings before any governmental instrumentality now pending or, to the knowledge of Debtor, threatened against Debtor or any surety, guarantor or endorser of the Obligations, the adverse result of which would in any material respect affect the property, finances or operations of Debtor, or such surety, guarantor or endorser, or their ability to pay the Obligations Debtor hereby agrees to promptly notify Bank in the event any suit, proceeding or investigation is instituted or threatened against Debtor or any surety, guarantor or endorser of the Obligations which would in any material respect affect the property, operations or finances of Debtor or such surety, guarantor or endorser
- 3 19 At such intervals as Bank may require, Debtor shall submit to Bank (i) financial statements, and (ii) a schedule, in form and detail satisfactory to Bank, reflecting the names and addresses of all of Debtor's lessees, renters, and of all Account Debtors, together with the amounts due under all of its outstanding leases, rental agreements, Accounts, Chattel Paper, Contract Rights and Instruments Bank may also require Debtor to submit to Bank copies of all invoices pertaining to any or all of such leases, rental agreements, Accounts, Chattel Paper, Contract Rights and Instruments, with evidence of the delivery of the goods, the sale, rental or leasing of which have given rise to such amounts due. Debtor hereby agrees to notify all such lessees, renters and Account Debtors, at Bank's request, to pay to Bank directly all outstanding amounts due.

4. LEASE, SALE OR LOSS OF INVENTORY

- 4.1 Debtor will hold the Inventory for the sole purposes of leasing or renting the Inventory in the ordinary course of Debtor's business, and selling such Inventory at or prior to the termination of such lease or rental agreements
- 4.2 Upon the sale of Inventory, whether at or prior to termination of the lease, for cash or any cash equivalent, unless otherwise agreed in writing by Bank, Debtor will immediately reduce the Obligations to Bank by an amount equal to the greater of Debtor's (a) actual cost, (b) replacement cost, or (c) the sale proceeds of the Inventory so sold
- 4.3 Immediately upon the loss, damage or destruction of any of the Inventory. Debtor will deliver to Bank an amount equal to the greater of Debtor's (a) actual cost, (b) replacement cost, or (c) the sale proceeds of the Inventory so lost, damaged or destroyed, less the amount of any insurance proceeds thereon collected and retained by Bank
- 4.4 Immediately upon the sale or, with Bank's prior written consent, the return of Inventory to a trade supplier, whether for cash or credit, unless Bank otherwise agrees in writing. Debtor will either (a) reduce the Obligations to Bank by an amount equal to the greater of (i) the actual value of such Inventory, or (ii) the sale proceeds or amount of credit of the Inventory so sold or returned, or (b) obtain a replacement item of Inventory of equal or greater value which shall be subject to the liens and security interests created hereunder.
- 4 5 If any Account Debtor has been in default for more than ninety (90) days or the Account, Chattel Paper, Contract Right or Instrument evidencing the obligation of an Account Debtor is terminated, Debtor will immediately pay to Bank an amount equal to the greater of (i) the actual value of such Inventory, or (ii) the sale proceeds or amount of credit of the Inventory so sold or returned

section medical life

5. INDEMNIFICATION

- 5.1 Debtor agrees to comply with all requirements of the Federal Truth In Leasing Act and Regulation M of the Board of Governors of the Federal Reserve System drawn pursuant thereto. Trade Regulation Rules of the Federal Trade Commission, the Federal Fair Debt Collection Practices and Fair Credit Reporting Acts the Pennsylvania Unfair Trade Practices and Consumer Protection Law and all other applicable State, Federal and local laws, rules regulations and ordinances regulating the sale or lease of Inventory by Debtor and at all times to carry on its business in a lawful manner
- 5.2 Debtor hereby agrees to indemnify defend and hold Bank harmless from and against all liability and claims asserted against Bank by any person in connection with (a) all Accounts, Cnattel Paper Contract Rights and Instruments which result from the lease, rental or sale of Inventory (b) any alleged violation of any law, rule, regulation or ordinance by Debtor or Bank an connection with this Agreement or any other agreement between Debtor and Bank, (c) any personal injury or damage to property suffered or alleged to have been suffered by any person in connection with the lease, use, possession, ownership and or disposition of any Inventory, or (d) any claim by any person arising out of Debtor's breach of warranty or failure to perform any of Deblor's obligations under any agreement with regard to the lease, rental sale or other disposition of Inventory
- 5.3 Debtor turther agrees to reimburse Bank for all counsel fees and costs. including court costs, expended by Bank in connection with the foregoing indemnification agreement
- 54 The provisions of this Paragraph 5 shall survive termination of this Agreement

6. SIGNATORY AUTHORIZATION

Debtor hereby appoints any employee, officer or agent of Barix as Debtor's true and lawful attorney-in-fact, with power

- 61 To sign and endorse the name of Debtor upon any Note(s), security agreement Schedule of Inventory, UCC Financing Statement and continuations thereof, and any other instrument or document required by Bank to perfect and continue perfected the liens and security interests granted to Bank nereunder or otherwise in connection with the Obligations and all other notes, checks, drafts, money orders or other instruments of payment or regarding disposition or sale of any Collateral which come into possession of Bank
- 6.2 To sign and endorse the name of Debtor upon any invoices freight or express bills, bit's of lading, storage or warehouse receipts, drafts against or Instruments in payment by all Account Debtors, assignments verifications and notices in connection with Accounts.
- 6.3 To give written notices in connection with Accounts
- 6.4 To receive all mail addressed to Debtor, to open all such mail, and to endorse the name of Dector upon any draft or check which may be payable
- to Debter in payment of arising from or related to the Collateral, 6.5. To give written notice to such offices and officials of the United States Post Office to effect such change or changes of address so that all mail addressed to Debtor may be delivered directly to Bank (all mail not related to the Obligations or the Co lateral will be returned to Debtor).

granting unto said attorney full power to do any and all things necessary to be done with respect to the above as fully and effectively as Debtor might or could do and hereby ratifying all its said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be deemed to be coupled with an interest and irrevocable until all of Debtor's Obligations to Bank are paid or performed in tuil

7. INVENTORY RISKS

Bank assumes no responsibility for the existence character quality, condition value and/or delivery of any item of inventory. Debtor shall not be relieved of any of the Obligations because any item of inventory fails to conform to the manufacturer's suppliers or Debtor's warranties or because any item of Inventory may be lost stolen. destroyed or camaged Debtor will promptly notify Bank of the loss theft or destruction of any item of Inventory

8. COLLECTION OF ACCOUNTS

8.1 Bank hereby authorizes Deptor to collect all Accounts from Account Deptors Proceeds of Accounts so collected by Debtor shall be received and held by Debtor IN TRUST for Bank and shall, at Bank's discretion, be deposited in a special 'Clearance Account' maintained with Bank and over which Bank shall have the exclusive right of withdrawar Periodically, at Bank's sole discretion, all or any part of the collected proceeds in such Clearance Account shall be paid to Debtor or applied by Bank to reduce the Obligations in such order as Bank, in its sole discretion, shall deem appropriate. The authority hereby given to Debtor to collect the proceeds of Accounts in trust for Bank may be terminated by Bank at any time within Bank's sole discretion. Bank shall have the right, but not the obligation, at any time and from time to time (a) to collect all or any part of Debtors Accounts in Debtor's name, or in Bank's own name, as assignee hereunder (b) to self, assign, compromise, discharge or extend the time for payment of any Account, (c) to institute legal action for the collection of any Account, and (d) to do all acts and things necessary or incidental thereto and Debtor hereby ratifies all that Bank may do by virtue hereof and agrees that its liability to pay the Obligations shall not be affected thereby, except to the extent that Bank receives payment therefore. Bank may, at any time and from time to time, without notice to Debtor, notify any Account Debtor that the Account payable by such Account Debtor has been assigned to Bank and is to be paid directly and solely to Bank. At Bank's request, Debtor shall promptly notify all Account Debtors and shall indicate on all billings and statements to Account Debtors that payments thereon are to be made solely to Bark

- 8.2 Bank may at any time require Debtor to deliver to Bank within twenty-four hours of the receipt thereof by Debtor in the form received all proceeds in the form of cash, checks, drafts, notes, money orders or other remittances received in payment of or on account of any of Debtor's Accounts which, upon collection by Bank, shall be applied to reduce the Obligations in such order as Bank, in its sole discretion, deems appropriate Prior to such delivery Debtor will not commingle any such proceeds with any of Debtor's funds or property, but will hold such proceeds separate and apart UPON AN EXPRESS TRUST for the sole benefit of Bank. All proceeds other than cash shall be deposited with Bank in precisely the form in which received, except for the addition thereto of the endorsement of Debtor when necessary to permit collection of Instruments, which endorsement Debtor agrees to supply promptly
- 8.3 Without the express prior, written consent of Bank, Deblor shall not compromise discharge, extend the time for payment of or otherwise grant any inculgence or allowance with respect to any Account
- 8.4 Bank may, at any time and from time to time, send such verification forms, make such calls or otherwise contact Account Debtors as are necessary or desirable, in Bank's sole discretion, to verify Accounts and the balances due or Accounts

9. EVENTS OF DEFAULT

- Each of the following shall be an Event of Default' hereunder 9.1. The failure of any Obligor at any time to observe or perform any of its warranties, representations or agreements contained in this Agreement, the Note(s), the Obligations or any other document or instrument related thereto or arising therefrom (the term 'Obligor,' as used herein, shall include the Debtor and all other persons liable either absolutely or contingently, on the Obligations, including endorsers, sureties and guarantorsi
- 9.2 If any signature, statement, warranty, representation or covenant made by any Obligor herein, or heretofore or hereafter, in any application exhibit, statement, schedule, certificate or other document executed or delivered pursuant to or in connect on with the Obligations was or is materially incorrect, incomplete false or misleading
- 9.3 The failure of any Obligor to furnish promptly to Bank such financial or other information as Bank may reasonably request
- The failure to pay the outstanding balance of the Obligations and all accrued interest thereon to Bank as and when due in accordance with the terms and provisions of the Note(s) or the non-payment when due of any amount payable on any of Obligor's Obligations to Bank
- 9.5 The failure of any Obligor to observe or perform any agreement of any nature whatsoever with Bank
- 9.6 If any Obligor becomes insolvent or makes any assignment for the benefit of creditors or if any petition is filed by or against any Obligor under any provision of any law or statute alleging that such Obligor is insolvent or unable to pay debts as they mature
- 9.7 The entry of any judgment or tax lien against any Obligor which remains unsatisfied for fifteen (15) days, or the issuing of any attachment or garnishment against any property of Obligor, or the appointment of any receiver, trustee, conservator or other court officer over the Obligor or any of Obligor's property for any purpose or the occurrence of any change in the financial condition of Obligor, which, in the sole judgment of Bank, is materially adverse.
- 9.8 The Collateral or any rights therein shall be subject to or threatened with any
- judicial process, condemnation or forfeiture proceedings. The dissolution, merger consolidation or reorganization of any Obligor, if such Obligor is a partnership or corporation
- 9.10 The death of any Obligor who is a natural person or if such Obligor is a partnership the dearn of any general partner
- 9 11 A substantial change, as determined by Bank in its sole judgment, in the ownership, control or management of Obligor
- 9 12 The borrowing of any money by Debtor from any source other than Bank. whether or not subordinate to this Agreement or the Note(s) executed in connection herewith, without Bank's prior written consent
- 9 13 If, in Bank's sole reasonable judgement, the value of the Collateral so substantially deteriorates or diminishes that Bank reasonably deems the Obligations to be inadequately secured and Obligor, within two (2) days of notice by Bank, neither (i) provides additional Collateral, nor (ii) reduces the amount of the Obligations, which action, in either of such events, is satisfactory to Bank.

10. BANK'S RIGHTS UPON DEFAULT

Upon or after the occurrence of any Event of Default, Bank may do any or all of the following, all of which rights and remedies shall be cumulative and any and all of which may be exercised from time to time and as often as Bank shall deem necessary or desirable.

- 10 1. Exercise any or all rights, privileges and remedies available to Bank under this Agreement, the Note(s), and of a secured party under the UCC, including those under any other applicable agreement with respect to any of the Collateral then held for the Obligations, and to apply such monies and the net proceeds of the Collateral to any of the Obligations then due Bank as
- 10.2 Require Debtor to assemble all or part of the Collateral as Bank may in its sole discretion request or demand and make it available to Bank in a place to be designated by Bank which is reasonably convenient to Bank and Debtor
- 10.3 Notify Debtor's lessees, renters and/or Account Debtors to make all payments directly to Bank and to surrender, at the termination of any such lease or rental agreement, the Inventory so leased or rented, or to pay the sale option price, if any directly to Bank
- 10.4 Upon five (5) days' prior written notice to Debtor, which notice Obligors acknowledge is sufficient, proper and commercially reasonable, sell, lease or otherwise dispose of the Collateral, at any time and from time to time, in whole or in part, at public or private sale, without advertisement or notice of sale, all of which are hereby waived, and apply the proceeds of any such sale (a) first, to the expenses of Bank in preparing the Collateral for sale, selling and the like, including, without limitation, reasonable attorneys' fees and expenses incurred by Bank (including fees and expenses of any litigation incident to any of the foregoing), (b) second, to the complete satisfaction of all of the Obligations together with all interest accrued thereon, and (c) then, to pay any excess to Debtor Obligors hereby waive the benefit of any marshalling statute or similar legal doctrine and agree that Bank may exercise its rights against the Collateral and apply the proceeds thereof to any of the Obligations in any order which Bank, in its sole discretion, deems appropriate

- 10 5. Declare the entire unpaid amount of such of the Obligations as are not then due and payable to become immediately due and payable, without notice to or demand on any Obligor
- 10.6 Cure any default in any reasonable manner and add the cost of any such cure to the Obligations and accrue interest thereon at the rate then being charged by Bank for loans and extensions of credit hereunder
- 10.7 Notwithstanding any outstanding commitment of Bank to Debtor to make additional and further loans or advances to Debtor, declare any such commitment null and void and of no force and effect, whatsoever
- 10.8 Retain all of Debtor's Books and Records

The waiver of any Event of Default or Bank's failure to exercise any right or remedy hereunder shall not be deemed a waiver of any subsequent Event of Default or of the right to exercise that or any other right or remedy available to Bank

11. MISCELLANEOUS

The rights, remedies and privileges of Bank under this Agreement shall inure to the benefit of its endorsers, successors and assigns forever. All representations, warranties and agreements of Debtor contained in this Agreement are joint and several if Debtor is more than one person, and shall burd Debtor's personal representatives, heirs, successors and assigns and shall survive this Agreement if any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not effect any other provision hereof but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein. This Agreement has been delivered to Bank in and shall be construed under the laws of the State of New Jersey.

No. 41-2614850 Queens County

Commission Expires March 30, 1987

County'

Certificate filed in

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be duly executed and sealed as of the day and year first above written

PRINCETON BANK	
(Name and Title) Craig W. Harden, Assistant Vice Pres.	(SEAL) (Individual Debtor)
	(SEAL)
	EASTERN RAILWAY SUPPLIES, INC. (Name of Corporate or Partnership Debtor) (SEAL)
ITTEST Meshall blushy Sens Treas (for corporate Debtors only 4 to be signed by Secretary or Assistant Secretary)	By ROTH cland & Hayrans Pin (SEAL)
(AFFIX CORPORATE SEAL HERE)	By Michael Blushy Sen Treas (SEAL) (Name and fille)
	Sworn to before this 5th day of September 1985. THOMAS C. McEVOV: Notary Public, State of New York

SCHEDULE OF INVENTORY

BANK

PRINCETON

\$150,000

Sept.

NOTE 19.85

BALANCE OF NOTE(S) shown below as follows FOR VALUE RECEIVED, Debtor promises to pay to the order of Bank, the PRINCIPAL

- 12 equal monthly installments of \$2,500, fellowed by
- 12 equal monthly installments of \$3,000; followed by

ordinary course of Debtor's business to the Lessee(s) named below. To induce Bank to extend such credit Debtor hereby grants to Bank a security interest in such inventory for all of Debtor's Obligations (as that term is defined in the Security

Debtor's Note at right, to enable Debtor to purchase the inventory described below, which inventory is to be leased in the

Inventory referred to the Paragraph 1 1 thereof Debtor requests Bank to extend credit to Debtor which is evidenced by

between the undersigned (called "Debtor" in such Security Agreement and hereinafter) and Princeton Bank, Princeton,

September 9,

- . 19 . 85

and is a Schedule of

This Schedule of Inventory is subject to the terms and conditions of a Security Agreement (Inventory To Be Leased)

New Jersey ("Bank"), dated __

					J.50,000	PHINCIPAL BAI ANCE OF NOTE(S)			American Hoist & Derrick Crane	& Derri	Hoist	Can	* Amer
				Pr + 1-1/21	\$150,000 1-1/2s				4156	5030	*		
Monthly Payments	۲r	Mo	Term (Months) Mo	Amort Factor	Principal Balance of Loan	Address	Name	Reg or Usage	Ident No	Model	Make	۲ŗ	Unit No. (6 Digit Maximum)
	ences	Commences						2					Debtor's
se(s)	Terms of Lease(s)	Term				Account Debtor(s) (Lessee(s))			lotor Vehicles oats railroad crane	☐ Motor Volucies ☐ Boats XX	Inventory [inve	
Ma by	OTTO	10, 1	10.00	TO SAL	monthly installments or \$3,500; followed by	ATTITUTE TENTE TO TENTE	Agreement) to bank, and agrees to be bound by an the terms and conditions of the security Agreement	מות כטוטווטו	by an me term	25 to be bound	and agree	Dank	Agreement) t

5th Day of September 1985. INDIVIDUAL DEBTOR(S) Sworn to before me this

CLD-6A (10/84) Debtor Debtor Debtor: THOMAS C. McEYOY
Notary Public, State of New York
No. 41-2614850 Queens County
Certificate filed in
Certificate filed in
Commission Expires March/30, 1967 (SEAL) (SEAL)

CORPORATE OR PARTNERSHIP DEBTOR(S)

Attest	Ву	Debtor _
Name and Title of Lockiever De	Right of and State	Eastern Railway supplies.
<u> </u>	yes	Jes Inc.
henry trease	ma!	
- ; 0	Bun.	
(SEAL)	(SEAL)	(SEAL)

(AFFIX CORPORATE SEAL HERE)

PRINCETON BANK

\$,150,000.00

september 9, 19 85

FOR VALUE RECEIVED, the undersigned (each jointly and severally if more than one person and hereinafter referred to as "Debtor") promises to pay to the order of PRINCETON BANK, 76 Nassau Street, Princeton, New Jersey 08542 (hereinafter "Bank") at any of its banking offices, the Principal sum of

to be paid as follows:

Commencing on the 9th day of October, and continuing on the 9th day of each month thereafter, principal is payable in 12 equal monthly installments of \$2,500; followed by 12 equal monthly installments of \$3,000; followed by 24 equal monthly installments of \$3,500. Interest from the date hereof shall accrue on the unpaid principal balance hereof at the rate of 1-1/2% per annum above the prime rate of interest being charged by the Bank from time to time and shall be payable monthly as billed.

DISBURSEMENT OF PROCEEDS — Each Debtor hereby represents and warrants to Bank that the Principal of this Note will be used solely for business, commercial or agricultural purposes and agrees that any disbursement of the Principal of this Note, or any portion thereof, to any one or more Debtors, shall be conclusively deemed to constitute disbursement of such Principal to and for the benefit of all Debtors.

PREPAYMENTS — Unless otherwise agreed to in writing by Debtor, this Note may be prepaid in whole or in partial any time without penalty. However if the Principal shall due on this Note is repayable in installments, any such prepayments of Principal shall be applied on account of the last remaining unique of incorps), hyment to become due and the number of installments because the amounts of the social shall reduce the amounts of the scheduled installments not reflexe. Debtor from paying a scheduled installment or each installment payment data until the epitic Principal amount bereaft together with all utilizers. Horsen basishers date until the entire Principal amount hereof together with all interest thereon has been paid in full

SECURITY INTEREST — As security for the promot payment as and when due of a ill amounts due under this Note, including any renewals extensions and crimodifications thereof, together with all other existing and future rabilities and obligations of Debtor or any of them, to Bank whether absolute or contingent to lary nature whatsoever and out of whatever transactions arising there natter co-loctively referred to as the "Liabilities", in addition to any other security agreement or document granting Bank any rights in any of Obligor's ("Obligor', as used terch shall include Debt triand all other persons liable letter absolutely on continuently on the Liabilities including other persons liable leither absolutely or contingently for the Liabilities including endorsers, sureties and guarantors properly for the purpose of securing the Liabilities. Obligor hereby grants to Bank a liter and security interest in and to all property of Obligor, or any of them, which at any time Bank shall have in its possession, or which is in transitiont industing with the milation any palance unshare the one inglo Colligor or any of them, of any deposit, agency trust, escrow or other account or accounts with Bank and any other amounts which may be owing from time to time by Bank to Obligor or any of them. Said liter and seculity interest shall be independent of any right inf set-off which Bank may have Such right of set-off shall be deerined to our at the time Bank first restricts access of Obligor to property in Bank's possession, although such set-off may be entered upon Bank's hooks and records at a later time.

RIGHT TO COMPLETE NOTE — Bank may at any time, and from time ic time without notice to any Obligor (1) date this Note as of the date when the traney denced hereby was male, (2) complete any Lank spaces abounding to the terms spon which Bank has granted such loan, and (3) cause this signature of one or more persons to be added as additional Debtors without in any way affecting or limiting the liability of the existing Obligors to Bank

EVENTS OF DEFAULT — Each of the following shall be an 'Event of Default' hereunder (1) the nonpayment when due, or if this is a demand obligation upon demand, of any amount payable under this Note profany amount when due under or on any of the Liabilities of the failure of any OU gor to observe or perform any agreement of any nature whatsoever with Bank (2) if any Obligor becomes insolvent or makes an assignment for the benefit of creditions or if any petition is fired by or against any Obligor under any provision of any state or rederal law or statute alleging that such Obligor is insolvent or unable to pay debts as they mature or under any provision of the Obligor is insolvent or unable to pay debts as they mature or under any provision of the federal Bankruptcy Act. (3) the entry of any judgment against any Obligor which remains unsatisfied for lifteen (15) days. (4) the issuing of any attachment, levy or garnishment against any property of any Obligor. (5) the occurrence of any substantial change in the financial condition of any Obligor which in the sole, reasonable judgment of Bank is materially adverse. (6) the dissolution, merger, consolidation or reorganization of any Obligor which is a corporation or partnership, without the express prior written consent of Bank. (7) the death incarceration or adjudication of legal incompetence of any Obligor who is a natural person. (8) if any information or signature furnished to Bank by any Obligor at any time in connection with any of the Liabilities or in connection with any guaranty or surety agreement applicable to any of the Liabilities, is false or incorrect or (9) the failure of any Obligor to timely furnish to Bank such financial and other information as Bank may reasonably request or require Bank such financial and other information as Bank may reasonably request or require

(INDIVIDUALS SIGN BELOW) Sworn to before this

Name

5th Day of September 1985-

THOMAS C. McEVOY
Notary Public, State of New York
No. 41-28:4850 Queens County
Continued in County

Certificate filed in Gounty .

Commission Expires March Su, 1989

BANK'S RIGHTS UPON DEFAULT - Notwithstarding anything to the contrary contained herein or elsewhere, or the fact that Debtor may be required to make Principal and or interest payments from time to time. It his Note is payable upon demand Dank may demand payment of all outstanding Principal and accrued interest at any time. In addition, upon the occurrence of any Event of Default, Bank may.

It accolerate the maturity of this Note and demand immediate payment of all outstanding Principal and accrued interest

(2) exercise its right of set-off and all of the rights, privileges and remedies of a secured party under the New Jersey Uniform Commercial Code and a vofits rights and remedies under any security agreement, pledge agreement, mortgage, power, this Note or any other note, or other agreement, instrument or document issued in connection or any other note of other agreement. I arranged the state of the state of the without arising out of any of the Liabilities all of which remed eshall be currulative and not alternative. The net proceeds of any collateral hold by Bank as security for any of the Liabilities shall be applied first to the expenses of Bank in preparing the collateral for sale, selling and the like, including, without that on reasonable alterney's fees and expenses incurred by Bank including fees and expenses of any litigation incident to any of the foregoing), and second in such order, as Bank may, in its sole discretion elect, to the complete satisfaction of all of the Lublitins together with all interest thereon. Obtigor waves and releases any right to require Bank to collect any of the Light ties to Bank from any other collateral under any theory of marshalling of assets or principles. any right little or interest against any of Obligor's Liabilities to Bank in any manner that Bank may determine

(3) upon five (5) days written notice to Deptor, begin accruing interest, in addition to the interest provided for above, if any at a rate not to exceed five percent (5%, per annum on the unbaid Principal balance, provided individual that no interest shall accrue hereunder in excess of the maximum amount of interest then allowed by law. Debtor agrees to pay such accrued interest upon demand.

MISCELLANEOUS - Deptor hereby waives protest inches of protest presentment, dishonor notice of dishonor and demand. Depter agrees to reimburse Bank for all costs, including court costs and reasonable attorney's fees included by Bank in connection with the collection and enforcement hereof Interest shall be calculated hereunder for the actual number of days that the Principal is outstanding based on a year of three nundred sixty (360), days unless otherwise specified. If this Note bears interest at a rate based on the Prime Falle charged by Bank from time to time of the Philadelphia Federal Reserve Bank Discount Rate in effect from time to time charges in the rate of interest hereon shall become effective on the days on which Bank announces changes in its Primu Rate or the Federal Reserve Bank announces changes in its Discount Rate, as applicable. The rights and privileges of Bank under this Note shall mure to the honelit of its successors and assigns. All representations, warrantes and agreements of Obligor made in connect on with this Note shall brid Obligor spersoral representatives. Here, successors and assigns, if any provision of this Note shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any lither provision hereof, but this Note shall be construed as if such invalid or unenforceable provision had never been contained herein. The waiver of any Event of or unenforceable provision had never been contained herein. The waiver of any Event of Default or the fature of Bank to exercise any right or remedy, to which it may be entitled shall not be deemed a waiver of any subsequent Event of Default or of Bank's right to exercise that or any other right or remedy to which Bank is entitled. This Note has been delivered to and accepted by Bank in and shall be governed by the laws of the State of New Jersey. The parties agree to the jurisdiction of the federal and shall courts located in New Jersey in connection with any matter arising hereunder, including the collection and enforcement nereof. The Additional Provisions if any, on the reverse side hereof, the best made a book berefand a progressed here of as though sail both in the first. are hereby made a part hereof and are incorporated here in as though set forth in full in this and succeeding paragraphs

Debtor has duly executed this Note the day and year first above written and has hereunto set Debtor's hand and seal

(CORPORATIONS OR PARTNERSHIPS SIGN RELOW)

1	Eastern	Railway	Supplies	Inc.
Naire of C	crooration or Par	2/1/	Seawid	Page (SEAL)
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Ву ///	efelle 1	Musp	y sery	JALLEL (SEAL)

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